



Policy Concerning Luxury Expenditures.

As of this 28th day of August, 2009, Fresno First Bank (the "Company") hereby enacts this Policy Concerning Luxury Expenditures (the "Luxury Expenditure Policy") for the purpose of compliance with Section 111(d) of the Emergency Economic Stabilization Act of 2008 ("EESA").

RECITALS

- A. The Company closed a transaction with the United States Department of Treasury (the "Treasury") and as a result, became a participant in the Capital Purchase Program ("CPP"), as authorized under the Troubled Asset Relief Program ("TARP").
- B. As a result of the Company's participation in the CPP, the Company is subject to executive compensation and other restrictions as set forth in the CPP, as modified by the American Recovery and Reinvestment Act of 2009 ("ARRA") and the Interim Final Rule on TARP Standards for Compensation and Corporate Governance published in the Federal Register on June 15, 2009 (the "Interim Final Rule").
- C. The foregoing restrictions require that the board of directors of each CPP recipient put in place a company-wide policy regarding excessive or luxury expenditures, as identified by the Secretary of the Department of the U.S. Treasury.
- D. The purpose of this Luxury Expenditure Policy is to ensure appropriate review and approval of potentially excessive and luxury expenditures so that the Company complies with the foregoing restrictions required of the Company due to its participation in the CPP.

TERMS OF THE LUXURY EXPENDITURE POLICY

- 1. Policy Objective. The objective of this Luxury Expenditure Policy is to fulfill the Company's requirement that it have in place a company-wide policy regarding excessive or luxury expenditures as a part of the Company's participation in the CPP.
- 2. Term of Luxury Expenditure Policy. This Luxury Expenditure Policy shall be reviewed annually by the Board of Directors.
- 3. General Prohibition on Excessive or Luxury Expenditures. The Company prohibits excessive or luxury expenditures on entertainment or events, office or facility renovations, aviation or other transportation services or other activities or events that are not reasonable expenditures for conferences, staff development, reasonable performance incentives, customer development or other similar measure conducted in the normal course of business operations during the Policy Period.
- 4. Renovations. Renovations of facilities and office spaces should be relative to the approved project and current profit plan of the Company. An exception to this can be allowed if management must deal with an emergency situation, such as an act of nature, and the expenditure is necessary to make the facility operational for customer use. At no time should renovations be done that would have the appearance of being extraordinary, or excessive from a shareholder perspective. Reasonable renovations from customer service areas shall be specifically excluded from this restriction.

5. Entertainment. Entertainment is defined as an activity which an employee or executive would use corporate funds for business development purpose relating to a current customer or prospective customer, or to further enhance the Company's marketing efforts. Our policy is that all expenses incurred to the Company be for Company purposes, and used to drive the business of the Company. Occasional events such as taking customers or prospective customers on trips, playing golf, attending sporting events, concerts, theater, eating dinner or taking them to other events the customer/prospective customer would find pleasurable are a necessary part of the Company's marketing efforts and are not deemed "luxury expenses" or a violation of this Luxury Expenditure Policy. Similarly, events and parties focused on customers for the purpose of attracting their business do not fall within the scope of this Luxury Expenditure Policy. These expenses should continue to be documented and detailed as to the benefit derived by the Company through the normal accounts payable process. Entertainment and event expenditures anticipated to be in excess of \$500 must be reviewed with and approved by a member of executive management prior to expenditure.
6. Conferences. We encourage our staff to attend conferences that are appropriate educational opportunities. These conferences must be related to the financial services industry and have a direct correlation to their job. At times it may be appropriate that a spouse would travel to these conferences with Company attendees. Typically, these conferences are sponsored by vendors, banking associations or other industry related entities.
7. Employee Recognition/Holiday Parties. We feel that employee recognition/holiday parties are part of an employee appreciation process. The venue and expense associated with these events shall balance the interests of employee appreciation and the Company's goal in keeping expenses at a reasonable amount.
8. Board/Management Retreats. Retreats shall only be used for educational or business planning purposes, and should be kept in consideration and looked at, in the same view and discretion as all other expenses. Board education is a vital part of maintaining, and keeping a dynamic director base, and this Luxury Expenditure Policy should not limit a retreat that is focused on strategic planning or education.
9. Transportation Services. Transportation for Company staff to outlying locations, including Company locations, conferences, business development purposes and merger acquisition research, should be conducted in the most cost appropriate way for the Company. Modes of transportation to be used may consist of vehicle, commercial air or rail service. The selection of transportation services will factor in cost, efficiency and timeliness of travel. Private air services are not permitted without the approval of the Chairman of the Company's board of directors. Following any approval of private air services by the Chairman of the Company's board of directors, the Company's chief executive officer and chief financial officer shall certify that such approval was obtained and such certification shall be maintained in the Company's corporate records.
10. Administration of the Luxury Expenditure Policy. The Company's chief financial officer is responsible for the day-to-day administration of this Luxury Expenditure Policy, and the chief executive officer is accountable for the overall adherence to this Luxury Expenditure Policy and must approve of any exceptions. Strict adherences of this policy is mandated for all of the Company's employees.
11. Expenses Requiring Prior Approval. During the Policy Period, the following expenses will be deemed as "Luxury Expenditures" and will require the express approval and certification from the Company's chief executive officer and chief financial officer:
 - a. Any expenditure that, prior to the implementation of the Luxury Expenditure Policy, required the prior approval of one of the Company's "Senior Executive Officers," said officers being identified each year for the purpose of compliance with the CPP, other similar executive officers of the Company, or the Company's board of directors; and

- b. Those expenditures that are classified by the Company's board of directors, chief executive officer and/or chief financial officer as an expenditure requiring prior approval.

12. Approval Procedure.

- a. In the event that an Employee of the Company seeks to obtain approval for an expenditure requiring such approval pursuant to the terms hereof, said employee must submit a request for the approval, in writing, to the Company's chief financial officer, and include in such request, the employee's explanation as to why the expenditure is necessary (the "Luxury Expenditure Request").
- b. Following the submittal of the Luxury Expenditure Request, the Company's chief executive officer and chief financial officer shall review the Luxury Expenditure Request and if the Luxury Expenditure Request is deemed to be necessary and in the best interests of the Company, the Luxury Expenditure Request will be approved by way of written certification from the Company's chief executive officer and chief financial officer (the "Approval Certification").
- c. The Approval Certification shall be filed with the Company's records.

13. Internal Reporting of Violations. Each employee of the Company shall be obligated to promptly report known violations of this Luxury Expenditure Policy to the Company's board of directors, Chief Executive Officer and/or the Chief Financial Officer.

14. Accountability. Each employee that violates this Luxury Expenditure Policy shall be individually responsible for said violation.

15. Publication. This Luxury Expenditure Policy shall be posted on the Company's website during the Policy Period and the Company shall provide the Luxury Expenditure Policy to the U.S. Department of the Treasury and the Company's primary regulatory agency.

16. Amendment. This Luxury Expenditure Policy may be amended by the Company's board of directors. However, in the event of an amendment, the Company's board of directors shall provide the amendment to this Luxury Expenditure Policy to the Treasury and the Company's primary federal regulatory agency as well as post said amendment on the Company's website.